GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:2221
ANSWERED ON:14.03.2007
COMPREHENSIVE ECONOMIC POLICY
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Will the Minister of PLANNING be pleased to state:

(a) whether the Government has any plan to formulate a comprehensive economic policy of the country;

(b) if so, the details thereof and the reasons therefor;

(c) whether the present economic policy has disturbed the balanced development amongst various sectors; and

(d) if so, the steps taken by the Government for balanced development of various sectors of the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a) & (b): Faster economic growth and poverty reduction has been at the centre of planning. In a low-income country, such as India it is only through rapid economic growth that the production base of the economy can be expanded to sustain a higher standard of living for the people. But, growth is not an end in itself - it is a means to an end, which must be defined in terms of multi-dimensional economic and social objectives. According to the Approach Paper to the Eleventh Five Year Plan (2007-08 to 2011-12), as approved by the National Development Council, the 11th Plan must, therefore, not only set targets for the rate of growth of GDP, but also set monitorable targets for other dimensions of performance such as, in the area of poverty reduction, education, health, women and children issues, infrastructure and environment, reflecting the inclusiveness of this growth. The Approach Paper mentions about reducing the disparities across regions by ensuring access to basic physical infrastructure as well as health and education services to all.

The Approach Paper to the Eleventh Five Year Plan (2007-08 to 2011-12) has set the growth target for the Eleventh Five Year Plan period at 9% per year and aims at putting the economy on a sustainable growth trajectory with a growth of approximately 10% by the end of its period.

India`s economic fundamentals have improved enormously and we now have the capacity to make a decisive impact on the quality of life of the mass of our people, especially on the poor and the marginalized.

(c): Based on the information available from the Central Statistical Organisation (CSO), the growth rate of aggregate Gross Domestic Product (GDP) at market prices (at constant 1999-2000 prices) is estimated at 7.8 per cent per annum for the Tenth Five Year Plan (2002-03 to 2006-07), as against the overall GDP growth target of 8.1 percent per annum set for the Tenth Plan period. The growth rate of Agriculture Sector is likely to be 2.1% during the Tenth Plan as against the target of 4%. For Industry Sector the growth rate during the Tenth Plan is likely to be 8.7% against the target of 8.9%, while for the Services Sector the likely growth rate during the Tenth Plan is 9.3%, which equals the Plan target of 9.3% growth for the sector. The slower growth rate of agriculture sector vis-Ã -vis other sectors is partly on account of the adverse weather conditions in some years.

(d): The Approach Paper to the Eleventh Five Year Plan, as approved by the National Development Council, targets an annual growth rate of 9% of aggregate GDP, comprising of 4.1% for agriculture, 10.5% for industry and 9.9% for services sector. The Approach Paper mentions various strategic measures for accelerating the agricultural output. These include doubling the rate of growth of irrigated area; improving water management; rainwater harvesting and watershed development; reclaim degraded land and focus on soil quality; bridge the knowledge gap through effective extension; diversify into high value outputs with adequate measures to ensure food security; promote animal husbandry and fishery; easy access to credit; improve incentive structure and functioning of markets and refocus on land reform issues. The details of the sectoral policies in this regard are listed in the Approach Paper to the Eleventh Five Year Plan, which has been placed in the Parliament library.